GOVERNMENT OF INDIA
COAL AND MINES
LOK SABHA

UNSTARRED QUESTION NO:4264
ANSWERED ON:17.12.2002
FOREIGN EQUITY CAPITAL IN COAL MINING SECTOR
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Will the Minister of COAL AND MINES be pleased to state:

(a) whether the Government have decided to allow 100 percent foreign equity capital in the coal mining sector;

(b) if so, whether there is any proposal to bring an amendment in the Coal Mines (Nationalisation) Act, 1973 so as to relax the licencing process in future;

(c) if so, the details thereof; and

(d) the time by which the Government are likely to allow foreign equity capital in the coal mining sector ?

Answer

MINISTER OF COAL AND MINES (SUSHREE UMA BHARTI)

(a) to (d) : After the amendment to the Coal Mines (Nationalisation) Act, 1973, in the year 1993, Indian Companies engaged in the generation of power, production of Iron & Steel, washing of Coal obtained from a mine and such other end use as the Central Government may, by notification specify are allowed to carry on coal mining operation in India, in any form, for their own captive consumption. Production of Cement was added in this category in 1996. Foreign Direct Investment(FDI)is allowed in the power sector, Iron & Steel Sector and cement sector to the extent of 100%, 74% & 74% respectively. It is through this route that FDI can come into the coal mining sector. In addition, 100% FDI in the equity of an Indian company or in the equity of an Indian subsidiary of a Foreign company for setting up of Coal Processing Plants in India is allowed subject to the conditions that such companies (i) shall not do coal mining and (ii) shall not sell the processed coal from their Local Processing Plants in the open market and (iii) shall supply the processed coal to the respective parties sending raw coal to such Coal Processing Plants for processing.